

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JUNE 16, 2023

SCC - CIVIL OFFICE
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APPLICATION OF

KENTUCKY UTILITIES COMPANY
d/b/a OLD DOMINION POWER COMPANY

2023 JUN 16 A 8:52
CASE NO. PUR-2023-00096

For implementation of a Demand-Side
Management Program and Cost-Recovery
Adjustment Clause

ORDER FOR NOTICE AND HEARING

On June 1, 2023, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or "Company") filed with the State Corporation Commission ("Commission"), pursuant to Chapter 10 of Title 56 of the Code of Virginia ("Code"),¹ an application ("Application") for approval of a Demand Side Management ("DSM") Plan ("DSM-EE Plan") and cost-recovery adjustment clause ("DSM Adjustment Clause") that recovers the proposed DSM-EE Plan's implementation costs.²

In its Application, KU/ODP seeks approval of its proposed DSM-EE plan, which includes, for the 2024-2030 period, one administrative program, the Program Development and Administration, and one energy efficiency program, the Income and Age Qualifying Deep Retrofit program ("IAQ Deep Retrofit Program").³ The Company states that its administrative program, the Program Development and Administration, captures costs incurred in developing

¹ Code § 56-232 *et seq.*

² Application at 1. KU/ODP proposes to implement the proposed DSM-EE plan by March 31, 2024, with the DSM adjustment clause going into effect for services rendered April 1, 2024. *Id.* at 4. The Company requests Commission approval of the Application by January 1, 2024, to allow time for program implementation. *Id.*

³ Direct Testimony of Lana Isaacson ("Isaacson Direct") at 4-5.

and administering energy efficiency initiatives that are common to the development of all the possible programs.⁴ KU/ODP states that the IAQ Deep Retrofit Program is an education and weatherization program designed to reduce electric energy consumption of qualifying customers.⁵ The Company represents that it will provide funding to Weatherization Assistance Program network providers to conduct energy audits, direct install measures, provide energy education, and implement deep retrofits through home weatherization assistance and installation of energy-efficient measures.⁶ The Company maintains that this program will target residential customers in single-family households that meet income-eligibility requirements and those households that include members who are veterans, disabled, or elderly.⁷

KU/ODP states that it will provide each IAQ Deep Retrofit Program participant with an audit, energy education, and home weatherization services and equipment upgrades at no cost to the participant.⁸ Specifically, the Company states that a qualified technician will identify weatherization and equipment upgrade priorities during the energy audit so that each home will receive a customized package of measures or upgrades.⁹ The Company further states that based on the priorities identified in the audit, the participant will receive home weatherization services and equipment upgrades that target electric savings, which may include, but are not limited to, the following: insulation; duct sealing; infiltration reduction; water-saving devices; refrigerator,

⁴ *Id.* at 5.

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*

⁹ *Id.* at 5-6.

freezer, and dryer replacements; water heater replacement; water heater pipe insulation; HVAC system replacement/tune-up; and smart thermostat.¹⁰ KU/ODP represents that the incentive structure provides an average of \$6,000 in program services per single-family household.¹¹

In this proceeding, KU/ODP also seeks approval of its DSM Adjustment Clause to recover the costs to design, implement, and operate the proposed DSM-EE Plan.¹² The Company states that the proposed DSM Adjustment Clause is mandatory for the Company's Residential Service customers and includes three components: (1) DSM Cost Recovery ("DCR"), (2) DSM Balance Adjustment ("DBA"), and (3) DSM Capital Cost Recovery ("DCCR").¹³ KU/ODP explains that the DCR includes all expected costs that have been approved by the Commission for each twelve-month period for DSM-EE programs; the DBA is calculated on a calendar year basis and is used to reconcile the difference between the amount of revenues actually billed and the revenues that should have been billed; and the DCCR component is the means by which the Company recovers its capital investments made for DSM-EE programs.¹⁴ The Company states that the DCR, DBA, and DCCR are then summed to provide the DSM Adjustment Clause.¹⁵

¹⁰ *Id.* at 6.

¹¹ *Id.*

¹² Direct Testimony of Michael E. Hornung ("Hornung Direct") at 2.

¹³ *Id.* at 3.

¹⁴ *Id.*

¹⁵ *Id.*

KU/ODP maintains that it will file an update with the Commission each year that includes updated DCR and DCCR components based on the next year's budget.¹⁶ Additionally, the Company states that the DBA will be updated and will allow KU/ODP to reconcile the difference between the projected and actual billed amounts from the prior year and propose adjustments to the surcharge for assessment on customers' bills going forward.¹⁷

KU/ODP requests that its DSM Adjustment Clause rates for customer billing go into effect for services rendered April 1, 2024.¹⁸ The Company seeks to recover \$442,103 in total program costs for calendar year 2024 through the DCR component of the DSM Adjustment Clause.¹⁹ If KU/ODP's DSM Adjustment Clause is approved, the impact on customer bills would depend on the customer's rate schedule and usage. The Company states that if the DSM-EE Plan is approved as filed, a residential customer is expected to pay \$0.00131 per kilowatt hour.²⁰ KU/ODP further states that the average residential customer using 1,271 kilowatt hours of electricity per month, the impact is approximately \$1.67 per month.²¹

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that this matter should be docketed; KU/ODP should provide public notice of its Application; a public hearing should be scheduled for the purpose of receiving testimony and evidence on the

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ Application at 4.

¹⁹ See Isaacson Direct, Exhibit LI-2 at 3, 4.

²⁰ Hornung Direct at 4.

²¹ *Id.*

Application;²² interested persons should have an opportunity to file comments on the Application or participate as a respondent in this proceeding; and the Commission's Staff ("Staff") should be directed to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon.

We also find that a Hearing Examiner should be assigned to conduct all further proceedings in this matter on behalf of the Commission, including filing a final report containing the Hearing Examiner's findings and recommendations.

To promote administrative efficiency and timely service of filings upon participants, the Commission will, among other things, direct the electronic filing of testimony and pleadings unless they contain confidential information, and require electronic service on parties to this proceeding.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUR-2023-00096.
- (2) All pleadings, briefs, or other documents required to be served in this matter shall be submitted electronically to the extent authorized by 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"), 5 VAC 5-20-10 *et seq.* Confidential and Extraordinarily Sensitive Information shall not be submitted electronically and should comply with 5 VAC 5-20-170, *Confidential information*, of the Rules of Practice. Any person seeking to hand deliver and physically file or submit any pleading or other document shall contact the Clerk's Office Document Control Center at (804) 371-9838 to arrange the delivery.

²² KU/ODP requests that the hearing on its Application be held virtually. See Application Cover Letter at 1.

(3) Pursuant to 5 VAC 5-20-140, *Filing and service*, of the Commission's Rules of Practice, the Commission directs that service on parties and the Staff in this matter shall be accomplished by electronic means. Concerning Confidential or Extraordinarily Sensitive Information, parties and the Staff are instructed to work together to agree upon the manner in which documents containing such information shall be served upon one another, to the extent practicable, in an electronically protected manner, even if such information is unable to be filed in the Office of the Clerk, so that no party or the Staff is impeded from preparing its case.

(4) As provided by § 12.1-31 of the Code and 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Commission's Rules of Practice, a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission, including filing a final report containing the Hearing Examiner's findings and recommendations. A copy of each filing made with the Commission's Clerk's office in this matter shall also be sent electronically to the Office of the Hearing Examiners.²³

(5) The Commission hereby schedules a telephonic hearing for the receipt of testimony from public witnesses on the Company's Application, as follows:

- (a) A hearing for the receipt of testimony from public witnesses on the Company's Application shall be convened telephonically at 10 a.m. on October 11, 2023, with no public witness present in the Commission's courtroom.²⁴
- (b) To promote fairness for all public witnesses, each witness will be allotted five minutes to provide testimony.
- (c) On or before October 4, 2023, any person desiring to offer testimony as a public witness shall provide to the Commission (a) your name, and (b) the telephone number that you wish the Commission to call during the hearing to

²³ Such electronic copies shall be sent to: OHEParalegals@scc.virginia.gov.

²⁴ The Hearing Examiner will convene counsel of record in this proceeding to attend the public witness hearing virtually.

receive your testimony. This information may be provided to the Commission in three ways: (i) by filling out a form on the Commission's website at scc.virginia.gov/pages/Webcasting; (ii) by completing and emailing the PDF version of this form to SCCInfo@scc.virginia.gov; or (iii) by calling (804) 371-9141.

(d) Beginning at 10 a.m. on October 11, 2023, the Hearing Examiner will telephone sequentially each person who has signed up to testify as provided above.

(e) This public witness hearing will be webcast at scc.virginia.gov/pages/Webcasting.

(6) A public evidentiary hearing on the Application shall be convened at 10 a.m. on October 12, 2023, by electronic means, to receive testimony and evidence offered by the Company, respondents, and the Staff on the Application. Further details on this hearing will be provided by subsequent Commission Order or Hearing Examiner's Ruling.

(7) An electronic copy of the Company's Application may be obtained by submitting a written request to counsel for the Company: Kendrick R. Riggs, Esquire, Stoll Keenon Ogden PLLC, 500 West Jefferson Street, Suite 2000, Louisville, Kentucky 40202-2828; or kendrick.riggs@skofirm.com. Interested persons also may download unofficial copies from the Commission's website: scc.virginia.gov/pages/Case-Information.

(8) On or before July 14, 2023, KU/ODP shall publish the following notice as display advertising (not classified) on one (1) occasion in newspapers of general circulation throughout the Company's service territory in Virginia:

NOTICE TO THE PUBLIC OF AN APPLICATION BY
 KENTUCKY UTILITIES COMPANY
 D/B/A OLD DOMINION POWER COMPANY
 FOR IMPLEMENTATION OF A DEMAND-SIDE
 MANAGEMENT PROGRAM AND COST-RECOVERY
 ADJUSTMENT CLAUSE
CASE NO. PUR-2023-00096

On June 1, 2023, Kentucky Utilities Company d/b/a Old Dominion Power Company ("KU/ODP" or "Company") filed with the State Corporation Commission ("Commission"), pursuant to Chapter 10 of Title 56 of the Code of Virginia, an application ("Application") for approval of a Demand Side Management ("DSM") Plan ("DSM-EE Plan") and cost-recovery adjustment clause ("DSM Adjustment Clause") that recovers the proposed DSM-EE Plan's implementation costs.

In its Application, KU/ODP seeks approval of its proposed DSM-EE plan, which includes, for the 2024-2030 period, one administrative program, the Program Development and Administration, and one energy efficiency program, the Income and Age Qualifying Deep Retrofit program ("IAQ Deep Retrofit Program"). The Company states that its administrative program, the Program Development and Administration, captures costs incurred in developing and administering energy efficiency initiatives that are common to the development of all the possible programs. KU/ODP states that the IAQ Deep Retrofit Program is an education and weatherization program designed to reduce electric energy consumption of qualifying customers. The Company represents that it will provide funding to Weatherization Assistance Program network providers to conduct energy audits, direct install measures, provide energy education, and implement deep retrofits through home weatherization assistance and installation of energy-efficient measures. The Company maintains that this program will target residential customers in single-family households that meet income-eligibility requirements and those households that include members who are veterans, disabled, or elderly.

KU/ODP states that it will provide each IAQ Deep Retrofit Program participant with an audit, energy education, and home weatherization services and equipment upgrades at no cost to the participant. Specifically, the Company states that a qualified technician will identify weatherization and equipment upgrade priorities during the energy audit so that each home will receive a customized package of measures or upgrades. The Company

states that the average residential customer using 1,271 kilowatt hours of electricity per month, the impact is approximately \$1.67 per month.

Interested persons are encouraged to review KU/ODP's Application and supporting documents in full for details about these and other proposals.

TAKE NOTICE that the Commission may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Application and supporting documents and thus may adopt rates that differ from those appearing in the Company's Application and supporting documents.

To promote administrative efficiency and timely service of filings upon participants, the Commission has directed the electronic filing of testimony and pleadings, unless they contain confidential information, and has required electronic service on parties to this proceeding.

The Commission entered an Order for Notice and Hearing that, among other things, scheduled public hearings on the Company's Application. On October 11, 2023, at 10 a.m., a Hearing Examiner appointed by the Commission will hold a telephonic hearing, with no witness present in the Commission's courtroom, for the purpose of receiving the testimony of public witnesses. On or before October 4, 2023, any person desiring to offer testimony as a public witness shall provide to the Commission (a) your name, and (b) the telephone number that you wish the Commission to call during the hearing to receive your testimony. This information may be provided to the Commission in three ways: (i) by filling out a form on the Commission's website at scc.virginia.gov/pages/Webcasting; (ii) by completing and emailing the PDF version of this form to SCCInfo@scc.virginia.gov; or (iii) by calling (804) 371-9141. This public witness hearing will be webcast at scc.virginia.gov/pages/Webcasting.

Beginning at 10 a.m. on October 11, 2023, the Hearing Examiner will telephone sequentially each person who has signed up to testify as provided above.

On October 12, 2023, at 10 a.m., by electronic means, a hearing will be convened to receive testimony and evidence from the Company, any respondents, and the Commission's Staff.

Further details on this hearing will be provided by subsequent Commission Order or Hearing Examiner's Ruling.

An electronic copy of the Company's Application may be obtained by submitting a written request to counsel for the Company: Kendrick R. Riggs, Esquire, Stoll Keenon Ogden PLLC, 500 West Jefferson Street, Suite 2000, Louisville, Kentucky 40202-2828, kendrick.riggs@skofirm.com. Interested persons also may download unofficial copies from the Commission's website: scc.virginia.gov/pages/Case-Information.

On or before October 4, 2023, any interested person may submit comments on the Application electronically by following the instructions on the Commission's website: scc.virginia.gov/casecomments/Submit-Public-Comments. Those unable, as a practical matter, to submit comments electronically may file such comments by U.S. mail to the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. All comments shall refer to Case No. PUR-2023-00096.

On or before August 18, 2023, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation with the Clerk of the Commission at: scc.virginia.gov/clk/efiling. Those unable, as a practical matter, to file a notice of participation electronically may file such notice by U.S. mail to the Clerk of the Commission at the address listed above. Such notice of participation shall include the email addresses of such parties or their counsel, if available. A copy of the notice of participation as a respondent also must be sent to counsel for the Company. Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"), any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation or government body participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2023-00096.

On or before September 1, 2023, each respondent may file with the Clerk of the Commission, at scc.virginia.gov/clk/efiling, any testimony and exhibits by which the respondent expects to establish its case. Any respondent unable, as a practical matter, to file testimony and exhibits electronically may file such by U.S.

mail to the Clerk of the Commission at the address listed above. Each witness's testimony shall include a summary not to exceed one page. All testimony and exhibits shall be served on the Staff, the Company, and all other respondents simultaneous with its filing. In all filings, the respondent shall comply with the Rules of Practice, including 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2023-00096.

Any documents filed in paper form with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, except as modified by the Commission's Order for Notice and Hearing, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

The Commission's Rules of Practice, the Company's Application, the Commission's Order for Notice and Hearing, and other documents filed in this case may be viewed on the Commission's website at:
scc.virginia.gov/pages/Case-Information.

KENTUCKY UTILITIES COMPANY
D/B/A OLD DOMINION POWER COMPANY

(9) On or before July 14, 2023, KU/ODP shall serve a copy of its Application and this Order for Notice and Hearing on the following local officials, to the extent the position exists, in each county, city, and town in which the Company provides service in the Commonwealth of Virginia: the chairman of the board of supervisors of each county; the mayor or manager (or equivalent official) of every city or town; and the county, city, or town attorney. Service shall be made electronically where possible; if electronic service is not possible, service shall be made by either personal delivery or first class mail to the customary place of business or residence of the person served.

(10) On or before August 4, 2023, the Company shall provide proof of the notice and service required by Ordering Paragraphs (8) and (9), including the name, title, and address of each official served, with the Clerk of the Commission at scc.virginia.gov/clk/efiling.

(11) On or before October 4, 2023, any interested person may submit written comments on the Application by following the instructions found on the Commission's website:

scc.virginia.gov/casecomments/Submit-Public-Comments. Those unable, as a practical matter, to submit comments electronically may file such comments by U.S. mail to the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. All comments shall refer to Case No. PUR-2023-00096.

(12) On or before August 18, 2023, any interested person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation with the Clerk of the Commission at scc.virginia.gov/clk/efiling. Those unable, as a practical matter, to file a notice of participation electronically may submit such notice by U.S. mail to the Clerk of the Commission at the address listed in Ordering Paragraph (11). Such notice of participation shall include the email addresses of such parties or their counsel, if available. The respondent simultaneously shall serve a copy of the notice of participation on counsel to the Company.

Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation or government body participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2023-00096.

(13) Within three (3) business days of receipt of a notice of participation as a respondent, the Company shall serve a copy of the Application and supporting materials on the respondent, unless these have already been provided to the respondent.

(14) On or before September 1, 2023, each respondent may file with the Clerk of the Commission, at scc.virginia.gov/clk/efiling, and serve on the Staff, Company, and any other respondents, any testimony and exhibits by which the respondent expects to establish its case. Any respondent unable, as a practical matter, to file testimony and exhibits electronically may file such by U.S. mail to the Clerk of the Commission at the address listed in Ordering Paragraph (11). Each witness's testimony shall include a summary not to exceed one page. In all filings, the respondent shall comply with the Commission's Rules of Practice, including 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2023-00096.

(15) On or before September 15, 2023, the Staff shall investigate the Application and file with the Clerk of the Commission its testimony and exhibits concerning the Application, and each Staff witness's testimony shall include a summary not to exceed one page. A copy thereof shall be served on counsel to the Company and all respondents.

(16) On or before September 29, 2023, the Company shall file with the Clerk of the Commission any rebuttal testimony and exhibits that it expects to offer, and each rebuttal witness's testimony shall include a summary not to exceed one page. The Company shall serve a copy of its rebuttal testimony and exhibits on the Staff and all respondents.

(17) Any documents filed in paper form with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, except as modified herein, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

(18) The Commission's Rule of Practice 5 VAC 5-20-260, *Interrogatories or requests for production of documents and things*, shall be modified for this proceeding as follows:

